

State of Alaska FY2010 Governor's Operating Budget

Department of Revenue Permanent Fund Dividend Division Component Budget Summary

Component: Permanent Fund Dividend Division

Contribution to Department's Mission

The mission of the Permanent Fund Dividend Division is timely payment of dividends to eligible Alaskans.

Core Services

- Administration of the annual application and eligibility process
- Investigation and prosecution of PFD fraud
- Administration of the appeals process for denied applicants
- Garnishee dividends as allowed by law
- Collection of dividend payments made to ineligible applicants
- Payment of the annual dividend to all eligible applicants
- Provide accurate and secure application information from the PFD database via the internet, phone, and in person

End Result	Strategies to Achieve End Result
<p>A: All eligible Alaskans, whose applications are not on appeal, receive their Permanent Fund Dividend in October or November.</p> <p><u>Target #1:</u> 100% of eligible applicants not on appeal are paid in October (by direct deposit) or November (by warrant).</p> <p><u>Status #1:</u> 98.9% of eligible Permanent Fund Dividend applicants not on appeal were paid in October (by direct deposit) or November (by warrant) for the 2007 dividend payment.</p>	<p>A1: Provide staff with needed training to perform effectively.</p> <p><u>Target #1:</u> 100% of new staff receive standardized training within first three months of employment with PFD.</p> <p><u>Status #1:</u> During 2007, 100% of new staff received standardized training within the first three months of employment with PFD.</p> <p>A2: Manage resource allocation to maximize use of staff for public response and eligibility.</p> <p><u>Target #1:</u> 100% of non-managerial eligibility staff are cross-trained to work in all functional areas of eligibility and public response.</p> <p><u>Status #1:</u> During 2007, 100% of non-managerial eligibility staff were cross-trained to work in all functional areas of eligibility and public response.</p> <p>A3: Increase use by the public of online PFD filing and applicant support services.</p> <p><u>Target #1:</u> Increase the percentage of PFD applications filed online each year.</p> <p><u>Status #1:</u> During 2008, 70.7% of PFD applications were filed online, an increase of 4.1% over the previous year.</p>
End Result	Strategies to Achieve End Result
<p>B: Fraudulently filed PFD applications are identified, denied/assessed, and administrative, civil or</p>	<p>B1: Move responsibility for applicant audits to eligibility staff in 2008.</p>

criminal penalties applied as provided by law.

Target #1: Improve the rate at which fraud cases are identified and receive administrative, civil, or criminal penalties.

Status #1: In 2007, all 313 fraud cases identified resulted in either administrative, civil, or criminal penalties.

Target #1: Identify and implement audits as fraudulent patterns emerge.

Status #1: This is a new measure for 2008; data will be reported in January, 2009.

Major Activities to Advance Strategies

- Expand functionality of online applicant status inquiry and information maintenance
- Complete DAIS IV, the detailed payment system interface for the application database
- Increase the number of prosecuted fraud cases and publicize them accordingly
- Provide standardized training to all new staff, and ongoing specialized training to technical staff
- Allocate staff across unit lines to address peak workload and application bottlenecks

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$7,640,800

Personnel:

Full time	79
Part time	14
Total	93

Performance

A: Result - All eligible Alaskans, whose applications are not on appeal, receive their Permanent Fund Dividend in October or November.

Target #1: 100% of eligible applicants not on appeal are paid in October (by direct deposit) or November (by warrant).

Status #1: 98.9% of eligible Permanent Fund Dividend applicants not on appeal were paid in October (by direct deposit) or November (by warrant) for the 2007 dividend payment.

Eligible Applicants Paid in October or November

Year	Percentage Paid
2007	98.9%
2006	99.6%
2005	96.0%
2004	94.0%
2003	93.7%

Methodology: Based on calendar year; 2008 data will be reported in January, 2009.

Analysis of results and challenges: The division exceeded the goal of 98% set for 2007. This can be attributed to additional increases in on-line filing, increased use of automation in processing, cross-utilization of staff, and implementation of the new Dividend Application Information System (DAIS II).

A1: Strategy - Provide staff with needed training to perform effectively.

Target #1: 100% of new staff receive standardized training within first three months of employment with PFD.

Status #1: During 2007, 100% of new staff received standardized training within the first three months of employment with PFD.

Standardized Training of Staff Within First Three Months

Year	% of Staff Trained
2007	100%
2006	100%
2005	100%
2004	50%

Methodology: Based on calendar year; 2008 data will be reported in January, 2009.

Analysis of results and challenges: Standardized training was developed and implemented between December 2003 and January 2004. This training is proving to be effective for all staff and is updated with each session taught. All new employees were given this training in 2007.

A2: Strategy - Manage resource allocation to maximize use of staff for public response and eligibility.

Target #1: 100% of non-managerial eligibility staff are cross-trained to work in all functional areas of eligibility and public response.

Status #1: During 2007, 100% of non-managerial eligibility staff were cross-trained to work in all functional areas of eligibility and public response.

Staff Trained to Work in Other Functional Areas

Year	% of Staff
2007	100%
2006	100%
2005	100%
2004	75%

Methodology: Based on calendar year; 2008 data will be reported in January, 2009.

Analysis of results and challenges: The new PFD job classification scheme is based on cross-training of all technical staff. Unit lines were eliminated January 1, 2008. Eligibility and public response is being performed by all technicians, and each functional area (i.e. phones, email, eligibility) is being resource allocated according to division needs.

A3: Strategy - Increase use by the public of online PFD filing and applicant support services.

Target #1: Increase the percentage of PFD applications filed online each year.

Status #1: During 2008, 70.7% of PFD applications were filed online, an increase of 4.1% over the previous year.

Applicants Using Online Filing

Year	% of Online Filers	% Change from Prior Year
2008	70.7%	4.1%
2007	66.6%	9.5%
2006	57.1%	23.1%
2005	34.0%	8.8%
2004	25.2%	0.3%
2003	24.9%	10.9%
2002	14.0%	--

Analysis of results and challenges: The number of PFD applicants using online filing continues to increase

annually.

B: Result - Fraudulently filed PFD applications are identified, denied/assessed, and administrative, civil or criminal penalties applied as provided by law.

Target #1: Improve the rate at which fraud cases are identified and receive administrative, civil, or criminal penalties.

Status #1: In 2007, all 313 fraud cases identified resulted in either administrative, civil, or criminal penalties.

Fraudulent PFD Cases

Year	Fraud Cases Identified	Civil/Criminal Penalties	Administrative Penalties
2007	313	31	282

Methodology: This measure was implemented in 2007 and is based on calendar year; 2008 data will be reported in January, 2009.

Analysis of results and challenges: Through 2007, the PFD fraud investigators were responsible for creating and processing applicant eligibility audits in addition to investigating actual cases of fraud. This had an overall effect of reducing the amount of time spent identifying and investigating fraud cases. Beginning in 2008, applicant audits will be performed by eligibility staff which will allow investigators more time to identify fraudulent cases and follow through with administrative, civil or criminal penalties.

B1: Strategy - Move responsibility for applicant audits to eligibility staff in 2008.

Target #1: Identify and implement audits as fraudulent patterns emerge.

Status #1: This is a new measure for 2008; data will be reported in January, 2009.

Analysis of results and challenges: Beginning in 2008, applicant eligibility audits will be performed by eligibility staff rather than by fraud investigators. This change will allow fraud investigators more time to identify fraudulent cases and follow through with administrative, civil, or criminal penalties.

Key Component Challenges

- Record dividend amounts have increased public interest in Permanent Fund Dividends (PFDs), driving the total number of applications above average in the past two fiscal years. 15,000 additional applicants were recorded for the 2008 filing. The subsequent increase in applicant information gathering, fraud tips, and appeals has increased public contact to its highest level since the inception of the program. The PFD Division will continue to use technology improvements to process approximately 650,000 applications and another 1.5 million supporting documents annually. However, this increase in applications and public contact will prove to be a key challenge in communication costs, resource allocation, and timely payments.
- Complete DAIS IV (Dividend Application Information System), which includes the payment detail interface for the PFD application system and the felon and misdemeanants tracking module.
- Maintain call center staffing that will allow for timely response to public contact and reduce the time burden on eligibility staff created by simple application status inquiries.
- Fully staff and train the data processing section of PFD so that programming benchmarks can be reached.
- Allocate additional resources to the fraud investigations unit to address the continual increase in fraud cases.
- Communicate PFD rules and process changes clearly and timely to the public.

Significant Changes in Results to be Delivered in FY2010

- All Alaskans will receive a new pamphlet notifying them of how and where to apply online for the 2010

application season. Simultaneously, the PFD application booklet will be mailed only to community distribution centers and will be available for those applicants who prefer a paper application. This change should bolster our efforts to move over 75% of all applicants to online filing, and will significantly reduce paper waste.

- Absent issues beyond the division's control, the projected increase in early online filing and DAIS IV implementation will result in completion of eligibility work through the final review stage before payment dates for the first time in the history of the program.

Major Component Accomplishments in 2008

- Payment incentives for applying early and selecting direct deposit resulted in an increase in online applications from 66% in 2006 to 70% in 2008.
- The \$1,200 resource rebate was successfully added to the dividend for all eligible paid applicants.
- Phase III of the Dividend Applicant Information System (DAIS) was completed. This portion of DAIS is for eligibility and case management and is at the heart of the DAIS system. DAIS III was implemented on January 1, 2008.
- The PFD call center was created as a front line point of contact for public inquiries.

Statutory and Regulatory Authority

AS 43.23 Permanent Fund Dividends
15 AAC 23 Alaska Permanent Fund Dividends

Contact Information

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**Permanent Fund Dividend Division
Component Financial Summary**

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	4,817.2	5,215.0	5,422.6
72000 Travel	31.3	29.7	27.5
73000 Services	2,052.4	2,335.6	2,126.5
74000 Commodities	104.5	83.2	64.2
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	7,005.4	7,663.5	7,640.8
Funding Sources:			
1007 Inter-Agency Receipts	126.1	20.0	20.0
1050 Permanent Fund Dividend Fund	6,879.3	7,101.0	7,404.9
1108 Statutory Designated Program Receipts	0.0	542.5	215.9
Funding Totals	7,005.4	7,663.5	7,640.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
General Fund Program Receipts	51060	244.9	393.0	300.0
Unrestricted Fund	68515	43.3	50.0	50.0
Unrestricted Total		288.2	443.0	350.0
Restricted Revenues				
Interagency Receipts	51015	126.1	20.0	20.0
Statutory Designated Program Receipts	51063	0.0	542.5	215.9
Restricted Total		126.1	562.5	235.9
Total Estimated Revenues		414.3	1,005.5	585.9

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	0.0	0.0	7,663.5	7,663.5
Adjustments which will continue current level of service:				
-Reduce Fiscal Note for Year Two of PFD Charitable Contributions CH41 SLA08 (HB 166)(CH27 SLA08 P47 L11)(HB310)	0.0	0.0	-331.3	-331.3
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	207.6	207.6
Proposed budget increases:				
-External Cost Increases	0.0	0.0	101.0	101.0
FY2010 Governor	0.0	0.0	7,640.8	7,640.8

**Permanent Fund Dividend Division
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2009</u> <u>Management</u> <u>Plan</u>	<u>FY2010</u> <u>Governor</u>		
Full-time	79	79	Annual Salaries	3,710,149
Part-time	14	14	COLA	149,148
Nonpermanent	0	0	Premium Pay	18,938
			Annual Benefits	2,216,614
			<i>Less 11.03% Vacancy Factor</i>	(672,249)
			Lump Sum Premium Pay	0
Totals	93	93	Total Personal Services	5,422,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	0	0	2	0	2
Administrative Clerk II	0	0	14	0	14
Administrative Clerk III	0	0	7	0	7
Administrative Officer I	0	0	1	0	1
Analyst/Programmer II	1	0	1	0	2
Analyst/Programmer IV	2	0	3	0	5
Analyst/Programmer V	0	0	2	0	2
Data Processing Mgr II	0	0	1	0	1
Division Director	0	0	1	0	1
Investigator III	1	0	1	0	2
Investigator IV	0	0	1	0	1
Microfilm/Imaging Oper I	0	0	1	0	1
Microfilm/Imaging Oper II	0	0	1	0	1
Paralegal I	0	0	1	0	1
PFD Manager	0	0	1	0	1
PFD Specialist I	1	1	8	0	10
PFD Specialist II	0	0	2	0	2
PFD Technician I	1	0	8	0	9
PFD Technician II	8	3	16	0	27
PFD Technician III	0	0	2	0	2
Project Coord	0	0	1	0	1
Totals	14	4	75	0	93